[English]

Balance of Trade with Nepal

521. SHRI TARIQ ANWAR : Will the Minister of COMMERCE be pleased to state :

(a) whether Indo-Nepal trade is decreasing;

(b) if so, the details thereof alongwith the reasons therefor; and

(c) the steps taken to improve the trade relations between both the countries?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) No, Sir.

(b) Does not arise.

(c) Under the Treaty of Trade, the Governments of India and Nepal have made institutional arrangements for periodical review of matters relating to bilateral trade with a view to improve the trade relations between the two countries. A number of concessions have been extended under the Treaty to improve and strengthen the economic cooperation between two countries.

Economic Growth

522. SHRI SANTOSH KUMAR GANGWAR :
DR. LAXMINARAYAN PANDEY :
SHRI VIJAY PATEL :
SHRI R. SAMBASIVA RAO :

Will the Minister of FINANCE be pleased to state :

(a) whether there has been a sharp deceleration of economic growth during the first half of the current financial year 1996-97;

(b) if so, the details thereof and the comparative rates of economic growth i.e. industrial production, agricultural production and exports during the last three years;

(c) the reasons for the deceleration of economic growth, and its likely impact on the process of liberalisation; and

(d) the steps the Government have taken or proposed to be taken to accelerate the economic growth?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (d). Overall economic growth measured in terms of growth of real gross domestic product (GDP) at factor cost improved in 1995-96 to attain 6.6 per cent and is projected to record a similar high growth of 6.6 per cent in 1996-97. As per the latest information available with the Central Statistical Organisation (CSO) the details of comparative rates of economic growth are as under.

Growth in per cent in GDP at factor cost by Sectors (at 1980-81 prices) in per cent

		1993-94	1994-95	1995-96	1996-97
1.	Agirculture	3.3	4.9 Q	0.9 R	2.3 F
2.	Industry	4.2	8.3 Q	11.1 R	8.5 F
3.	Services	6.8	6.0 Q	7.3 R	8.1 F
4.	GDP	5.0	6.3 Q	6.6 R	6.6 F
		Growth in Exports in Rupee Value			
5.	Exports	30.0	18.5	28.8	21.9@
	Growth in Index of Industrial Production (Base: 1980-81=100)				
6.	General Index	6.0	9.4	11.8	9.3*

Note : 1. Includes agriculture, forestry & fishing

2. Includes mining, Manufacturing, electricity & construction.

Q: Quick estimate; R: Revised advance estimate; F: Forecast

@: refers to April-September, 1996 and *: refers to April-July, 1996

Sources : 1,2,3, & 4 based on CSO date; 5 based on Director General Commercial Intelligence data

The various economic reform measures encompassing trade, industry, financial sector and tax regine over the last few years have led to a revival of strong economic growth, expansion in productive employment, and a marked decline in inflation.

Full Convertibility of Rupee

523. SHRI MADHAVRAO SCINDIA : Will the Minister of FINANCE be pleased to state :

(a) whether the Government have taken any steps to make Rupee fully convertible;

(b) if so, details thereof; and

(c) the time by which it is likely to be done?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). The rupee has been made fully convertible on the curent account of the balance of payments. Some constituent items of the capital account, such as direct and portfolio investments have also been freed from repatriation restrictions. However, stable macro-economic system supported by credible and consistent macrb policies, reduction in fiscal deficits modernisation in anflation, an efficient financial system and a sustained dynamic export performance are some of the essential pre-conditions for moving towards full convertibility on capital account.